PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

AGENDA ID #15318

ENERGY DIVISION **RESOLUTION E-4808**

December 15, 2016

R E S O L U T I O N

Resolution E-4808. Pacific Gas and Electric Company (PG&E) consolidated electric revenue and rate changes effective January 1, 2017.

PROPOSED OUTCOME:

- Authorizes PG&E to revise electric rates effective January 1, 2017 to reflect revenue requirement changes approved by the California Public Utilities Commission (Commission) and the Federal Energy Regulatory Commission (FERC) by December 15, 2016, and amortization of balancing accounts.

SAFETY CONSIDERATIONS:

- Pursuant to Public Utilities Code Section 451, PG&E must take all actions necessary to promote the safety, health, comfort, and convenience of utility patrons, employees, and the public.

ESTIMATED COST:

- The estimated net increase in annual electric revenue requirements is approximately $74.7 million over revenues in rates effective August 31, 2016 for PG&E customers if the Commission and FERC approve revenue requirements changes by December 15, 2016 in the proceedings identified herein.

By Advice Letter 4902-E-A filed on September 13, 2016.

SUMMARY

During 2016, PG&E implemented rate changes on January 1st, March 1st, and October 1st.[1] PG&E filed advice letter 4902-E to implement rate changes on January 1, 2017. This resolution authorizes Pacific Gas and Electric Company (PG&E) to revise electric rates effective January 1, 2017 to reflect revenue requirement changes authorized by the California Public Utilities Commission (Commission) in various pending proceedings by December 15, 2016 as summarized below.

- PG&E is authorized to reflect in rates transmission system related revenue requirements approved by the Federal Energy Regulatory Commission (FERC) by December 15, 2016.
- Since the Commission has not yet rendered a decision in some pending proceedings, PG&E has provided rate change forecasts. To the extent the Commission and FERC approve amounts by December 15, 2016 that are different from PG&E's forecasts, PG&E is directed to file a supplemental advice letter by December 31, 2016 reflecting the actual amounts approved.
- PG&E is authorized to amortize its forecasted December 31, 2016 account balances, updated by the December supplement to AL 4902-E-A, in rates effective January 1, 2017, as described herein. The supplemental AL will include recorded balancing account data through October 31, 2016, and forecasted balancing account data for November and December 2016.
- Pursuant to the State Auditor's recommendations, Energy Division performs in-depth reviews of balancing accounts to ensure that the entries in the balancing accounts are for allowable purposes. Balances in balancing accounts authorized for recovery in rates through this resolution are subject to future audit, verification, and adjustment.

[1] AL 4696-E-A (January 1, 2016), the 2016 Annual Electric True-Up, had a revenue increase of $953.3 million; AL 4795-E (March 1, 2016), had a revenue increase of $375.2 million; and AL 4906-E-A (October 1, 2016) had a revenue increase of $173.8 million. *See* Appendix A for 2016 rate change details.

- Consistent with previous years' AET filings, PG&E shall submit by December 31, 2016 a supplement to AL 4902-E-A with revised tariffs effective January 1, 2017.
- PG&E's request to set January 1, 2017 rates based on the 2017 sales forecast in its 2017 Energy Resource Recovery Account (ERRA) Application (A.), A.16-06-003 is approved, on the condition that, should the final ERRA forecast decision adopt a different sales forecast, PG&E shall file a Tier 1 advice letter by March 1, 2017 containing appropriate rate adjustments to reflect the sales forecast adopted in the final decision in A. 16-06-003.

PG&E forecasts a consolidated net increase in electric revenue requirement of $74.7 million on January 1, 2017 over revenue at rates in effect on August 31. However, the total revenue requirement changes for 2017 will depend on the amounts the Commission adopts in various pending decisions likely to be voted out before the end of the year, as well as on deviations in actual balances in balancing accounts from amounts forecasted for August through December in AL 4902-E-A.

BACKGROUND

PG&E has filed an Annual Electric True-up (AET) advice letter for the last 13 years to seek approval of the rate changes occurring on January 1st. The AET Resolution only authorizes Commission and FERC approved revenue requirements and the amortization of balances in regulatory accounts to be rolled into rates on January 1st. Since, at the time of the AET's filing, PG&E is awaiting the outcome of a variety of Commission decisions, it files a supplemental advice letter by December 31st to reflect actual amounts approved by the Commission.

A major component of the AET advice letter is to update balances in various balancing accounts at the end of the year and seek approval for amortization of the balances. PG&E's forecasted December 31, 2016 account balances are based on recorded balances through July 2016 and forecasted balances from August through December 2016.

Additionally, PG&E seeks to reflect the outcome of various FERC decisions into rates and to amortize balances in FERC regulatory accounts. Rate changes

addressed in the AET become effective on January 1 of the following year after the Commission acts on the AET advice letter.
Previous AET resolutions have directed that if PG&E requests amortization of future balances through the AET advice letter for rates effective January 1, it shall file the advice letter no later than September 1 of the year prior to when rates become effective. The advice letter shall reflect balances recorded as of July 31 of the year in which the advice letter is filed and the estimated balances for August through December of that year.

On August 31, 2016, PG&E filed AL 4902-E addressing electric revenues and rates to be effective January 1, 2017.

On September 13, 2016, PG&E filed AL 4902-E-A, a supplement superseding the original, in order to correct various rates and add inadvertently omitted rate values to several schedules.

PG&E requests in AL 4902-E-A to recover revenue requirements authorized by the Commission and the FERC by December 15, 2016—the date of the last scheduled Commission meeting in 2016—and to recover year-end 2016 balances in the accounts authorized for recovery in the past AET Resolutions.

PG&E requests to set its 2017 Energy Recovery Bonds Balancing Account (ERBBA) revenue requirement in AL 4902-E-A.

PG&E amortizes the costs associated with PG&E's emergence from bankruptcy in the ERBBA. The ERBBA records benefits and costs associated with Energy Recovery Bonds which were issued to finance the Regulatory Asset created as part of PG&E's bankruptcy settlement. Consistent with previous AET advice letters, PG&E proposes to establish its 2017 ERBBA revenue requirement in AL 4902-E-A based on a forecast of 2017 ERBBA activity, and to amortize the forecasted December 31, 2016 ERBBA balance. AL 4902-E-A includes a 2017 ERBBA revenue requirement of $0 and a forecasted December 31, 2016 ERBBA balance of ($1.0) million, reflecting energy crisis litigation proceeds booked to the ERBBA.
The following tables provide a breakdown of various increases and decreases adding up to PG&E's estimated net increase (from rates in place on August 31) of $74.7 million to be implemented on January 1, 2017. Since, at the time of the AET's filing, PG&E was awaiting the outcome of some Commission decisions,

it will file a supplemental advice letter by December 31st to reflect actual amounts approved by the Commission.

The net revenue requirement increase of $74.7 million on January 1, 2017 represents the combined impact of a Commission-authorized revenue decrease of $357.7 million and a FERC-authorized revenue increase of $432.4 million relative to revenues in rates in effect as of August 31, 2016. However, this amount is based on forecasts and likely to change based on the outcome of pending Commission decisions expected to be voted out by the last Commission meeting of the year on December 15, 2016.

Tables 1 through 3 below provide a breakdown of the revenue requirement changes presented in AL 4902-E-A. These modifications result from revenue requirement changes authorized or expected to be authorized by December 15, 2016 in the Commission and the FERC proceedings, and on revenue changes resulting from amortization of forecasted December 31, 2016 regulatory account balances. PG&E's forecasted December 31, 2016 account balances are based on recorded balances through July 2016 and forecasted balances from August through December 2016.

Table 1: Commission-authorized revenue changes effective January 1, 2017, forecasted by PG&E	**Amount in million $**
Energy procurement and ongoing Competition Transition Charge (CTC) and Cost Allocation Mechanism (CAM) revenue requirements including amortization of the balancing accounts	-$326.1
Public Purpose Program (PPP) revenue requirements including amortization of balances in the PPP Revenue Adjustment Mechanism (PPPRAM), California Alternative Rates for Energy Account (CAREA), and Procurement Energy Efficiency Revenue Adjustment Mechanism (PEERAM)	$30.9
Energy Cost Recovery Amount (ECRA) revenue requirements including the Energy Recovery Bonds Balancing Account (ERBBA) revenue requirement and amortization of the balance in the ERBBA.	$0.6
Nuclear Decommissioning revenue requirement including amortization of the balance in the Nuclear Decommissioning Adjustment Mechanism (NDAM)	$108.3
Distribution base revenue requirements including amortization of	-$183.3

balances in the Distribution Revenue Adjustment Mechanism (DRAM) and Family Electric Rate Assistance Balancing Account (FERABA)	
Department of Water Resources (DWR) bond and power charge revenue requirements including DWR franchise fees and amortization of the balance in the Power Charge Collection Balancing Account (PCCBA)	$53.6
Non-fuel generation base revenue requirements including amortization of balances in the Utility Generation Balancing Account (UGBA)	-$59.3
AB 32 Revenue Return	$11.4
Green Tariff Shared Renewables Premium	$6.1
Total net Commission-authorized revenue change:	**-$357.7**

Table 2: FERC-authorized revenue changes effective January 1, 2016 forecasted by PG&E	**Amount in million $**
Transmission Access Charge Balancing Account Adjustment (TACBAA)	$344.7
Transmission Revenue Balancing Account Adjustment (TRBAA)	$1.9
End-Use Customer Refund Adjustment	$85.9
Total net FERC-authorized revenue change	**$432.4**

The Commission-authorized decrease measured against the FERC-authorized increase resulted in a forecast net increase of $74.7 million from rates in effect August 31, 2016:

Table 3: Net Change in Revenue Requirement	**Amount in million $**
Commission-authorized	-$357.7
FERC-authorized	$432.4
Total AET net increase:	**$74.7**

The Commission-authorized revenue requirement increases forecasted by PG&E are due mainly to increases in the nuclear decommissioning revenue requirement and the DWR bond charges.

<u>Nuclear decommissioning revenue requirement</u>: As shown in Table 1, the nuclear decommissioning revenue requirement, including amortization of the balance in the Nuclear Decommissioning Adjustment Mechanism, has gone up by $108.3 million. The increase in this revenue requirement is due to the ending of the Department of Energy Nuclear Spent Fuel Litigation Proceeds in 2016, which were included in the 2016 nuclear decommissioning rate as credits.

<u>DWR bond and power charge revenue requirements</u>: The DWR bond and power charge revenue requirements, including DWR franchise fees and amortization of the balance in the PCCBA, increased by $53.6 million. The increase in these revenue requirements is the result of DWR forecasting a higher 2017 DWR Bond Rate primarily due to lower load and higher uncollectibles, and DWR ending its refund of the large energy supplier refund, balancing account overcollection, and operating reserve accounts to IOUs.

The FERC-authorized revenue requirement increases forecasted by PG&E are due mainly to increases in the Transmission Access Charge Balancing Account Adjustment (TACBAA) and the End Use Customer Refund Adjustment.

<u>TACBAA revenue requirement</u>: As seen in Table 2, the largest driver of FERC-authorized revenue increases is the Transmission Access Charge Balancing Account Adjustment revenue requirement of $344.7 million. This increase comes from PG&E's TACBAA revenue requirement filing with FERC in Docket No. ER16-2168-000,[2] and is intended as an interim step to address increasing balancing account undercollection until the next rate change in March 2017.

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[2] See also PG&E Advice Letters 4888-E and 4906-E/4906-E-A.

End-Use Customer Refund Adjustment: The End-Use Customer Refund Adjustment Balancing Account (ECRBA) is a FERC-jurisdictional mechanism that returns FERC-ordered transmission owner refunds to PG&E retail customers. The $85.9 million increase in Table 2 is due to PG&E having no End-Use Customer Refund Adjustment estimate (since the FERC has not yet approved the 17th Transmission Owner (TO17) Settlement) in contrast to the previous record period, in which this account reflected a refund due to customers. If the FERC issues an order approving the TO17 Settlement, PG&E will provide an update to include the TO17 Settlement refund.

The 2017 rates presented in AL 4902-E-A are based on PG&E's 2017 sales forecast and residential rate changes pursuant to D.15-08-005 and D.15-07-001.

The illustrative 2016 electric rates presented in AL 4902-E-A are based on: (1) PG&E's sales forecast in 2017 ERRA Forecast Application A.16-06-003 filed on June 1, 2016; (2) the rate design and revenue allocation methodology for rate changes between Phase 2 GRCs established in D.15-08-005; and (3) the residential rate design approved by D.15-07-001.

NOTICE

Notice of AL 4902-E-A was made by publication in the Commission's Daily Calendar. PG&E states that a copy of the AET AL was mailed and distributed electronically in accordance with Section IV of General Order 96-B, and served on parties to A.15-09-001, A.09-03-003, R.09-01-020, R.15-02-012, A.14-11-010, A.15-02-009, A.12-08-007, R.12-01-005, R.13-11-005, A.12-04-020, A.13-04-012, R.12-06-013, A.16-06-003, A.09-02-022, A.05-06-028, and R.08-08-009.

PROTESTS

PG&E's Advice Letter 4902-E-A was protested by the Western Manufactured Housing Community Association (WMA) on October 6, 2016. Though WMA did not file its protest letter in a timely manner, Energy Division accepted the protest using its discretion to consider late-filed protests under Rule 7.4.4 of General

Order 96-B.[3] In its protest, WMA states that PG&E should not be permitted to use the 2017 General Rate Case Phase I data to support a proposed reduction to the submeter discount credit in the AET filing because the credit is a GRC Phase II issue, which is just now underway.

PG&E responded to WMA's protest on October 19, 2016. In its response, PG&E states it is not proposing to change the submeter discount credit and that the use of 2017 GRC Phase I data is consistent with previous AET filings and does not affect the submeter credit. Additionally, PG&E noted that the change in the submeter discount credit shown in the AET filing was the result of "an inadvertent arithmetic error" and would be corrected in the AET supplement to be filed in December 2016.

In a response sent October 20, 2016, WMA accepted PG&E's explanation and withdrew its protest "with the understanding that the change to the submeter discount rate shown in the [AET] filing…should be corrected…[in] the AET supplement scheduled to be filed in December 2016."

DISCUSSION

PG&E is authorized to incorporate revenue requirements that have been authorized for recovery by December 15, 2016 in rates effective January 1, 2017.

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[3] PG&E filed its original AET AL 4902-E on August 31, 2016. Under Rule 7.4.1 of General Order 96-B, anyone may protest within 20 days of an AL filing; in this case, by September 20, 2016. PG&E filed a supplement, AL 4902-E-A, on September 13, 2016. Under Rule 7.5.1 of General Order 96-B, PG&E requested that there be "no extension of the original protest period." Energy Division did not issue a notice continuing or reopening the protest period. WMA did not submit its protest until October 6, 2016, 16 days after the protest period ended. Moreover, even if Energy Division had decided to extend the protest period 20 days from the supplement's September 13th submission to October 3, 2016, WMA's October 6th protest still would have been late-filed by three days.

PG&E is authorized to incorporate revenue requirements that have been previously authorized for recovery by Commission decisions in rates effective January 1, 2017:

- $4,196.4 million in base distribution revenue requirements authorized by D.14-08-032, PG&E's 2014 GRC decision, recorded in the DRAM.[4]
- $120.3 million for PG&E's Pension Contribution pursuant to D.09-09-020 with an allocation of $71.6 million to distribution revenues and $48.7 million to generation revenues.
- $70.4 million for Demand Response authorized by D.16-02-008, D.16-06-008, and D.16-06-029.
- $30.0 million for the Self Generation Incentive Program authorized by D.14-12-033.
- $27.4 million for the Commission Fee authorized by Resolution M-4828.
- $8.0 million for the California Solar Initiative- Multifamily Affordable Solar Housing (MASH) and Single Family Affordable Solar Homes (SASH) Programs authorized by D.15-01-027.
- $17.6 million for the Smart Grid Pilot Deployment Project Balancing Account (SGPDPBA) authorized by D.13-03-032 with an allocation of $14.0 million to distribution revenues and $3.6 million to generation revenues.[5]
- $3.5 million for California Energy Systems for 21st Century authorized by D.12-12-031, D.14-03-029, and Resolution E-4677.
- $1.1 million for Hercules Municipal Project authorized by D.14-01-009.[6]

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[4] GRC related revenue requirements such as DRAM's are held at 2016 adopted amounts as presented in AL 4696-E-A because a final decision on PG&E's 2017 GRC Application (A.15-09-001) is not expected by year's end.

[5] *See* footnote 4: this is a GRC related revenue requirement being held at its 2016 adopted amount as presented in AL 4696-E-A.

- $2,036.9 million for electric generation revenue requirements authorized by D.14-08-032, PG&E's 2014 GRC decision, recorded in the UGBA.[7]
- $103.4 million for Solar Photovoltaic (PV) authorized by D.10-04-052 and AL 4647-E.[8]
- $3.5 million for DWR Franchise Fees pursuant to California Public Utilities Code §§ 6350-6354.
- $107.4 million for Nuclear Decommissioning Adjustment Mechanism (NDAM) authorized by D.14-12-082.[9]
- $120.9 million for Energy Efficiency (EE) authorized by D.15-01-023.
- $56.7 million for the New Solar Homes Partnership Program authorized by D.16-06-006 and AL 4861-E.
- $86.1 million for Electric Program Investment Charge (EPIC) authorized by D.12-05-037, and D.15-04-020.
- $236.0 million for Procurement EE/PEERAM authorized by D.15-01-023.
- $10.2 million for Statewide Marketing Education & Outreach (ME&O) pursuant to D.15-08-033 and D.16-03-029, with allocations of $5.7 million to PEERAM, $4.4 million to Demand Response, and $73,399 to ESA.

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[6] *See* footnote 4: this is a GRC related revenue requirement being held at its 2016 adopted amount as presented in AL 4696-E-A.

[7] *See* footnote 4: this is a GRC related revenue requirement being held at its 2016 adopted amount as presented in AL 4696-E-A.

[8] *See* footnote 4: this is a GRC related revenue requirement being held at its 2016 adopted amount as presented in AL 4696-E-A.

[9] The NDAM revenue requirement is held at the 2016 adopted amount as presented in AL 4696-E-A because a final decision on PG&E's 2017 GRC Application (A.15-09-001) is not expected by year's end.

PG&E forecasts an over-collection of $1.0 million in the ERBBA. PG&E's request to amortize this over-collection is granted.

The ERBBA records benefits and costs associated with Energy Recovery Bonds. In this AET AL, PG&E proposes that the 2017 ERBBA revenue requirement be established using a forecast of 2017 ERBBA activity, including the amortization of the December 31, 2016 forecast ERBBA balance. This provides the benefits to customers as intended in D.04-11-015 and is consistent with the approach proposed by PG&E in last year's AET AL 4696-E, which was approved by Resolution E-4748.

PG&E's request to establish the 2017 ERBBA revenue requirement as proposed in AL 4902-E-A is granted. This includes establishing the ERBBA revenue requirement using the most recent rate of return adopted by the Commission.

PG&E is authorized to incorporate revenue requirement changes and/or amortize account balances in rates effective January 1, 2017 in the following pending Commission proceedings, provided the Commission adopts a decision by December 15, 2016.

PG&E expects Commission decisions in a number of proceedings before the end of the year. PG&E shall file a supplement to AL 4902-E-A by December 31, 2016 to reflect Commission adopted revenue requirement changes in the following formal proceedings:

- PG&E 2017 General Rate Case (GRC) (A.15-09-001).
- Pension Contribution (Distribution and Generation allocations) (A.15-09-001).
- PG&E 2017 ERRA Forecast (A.16-06-003):
    - Revenue requirements for: ERRA, Ongoing CTC, PCIA, CAM, and GHG Allowance Revenue Requirements.
    - Amortization of balances for: ERRA, the Modified Transition Cost Balancing Account (MTCBA), the New System Generation Balancing Account (NSGBA), and the Greenhouse Gas Revenue Balancing Account (GHGRBA).

- 2017 DWR Power Charge and Bond Charge Revenue Requirement (R.15-02-012).
- Energy Savings Assistance (ESA) and California Alternate Rates for Energy (CARE) (A.14-11-010).
- Electric Vehicle Infrastructure and Education Program (A.15-02-009).
- Statewide Marketing, Education, and Outreach (SWME&O) (A.12-08-007).

If there is no decision in PG&E's 2017 ERRA Forecast by the end of 2016, PG&E is authorized to take the following interim measures to set rates effective January 1, 2017, until a decision is issued and incorporated into rates:

- Set rates for PCIA, CTC, and the New System Generation Charge (NSGC) on an interim basis using the revenue collected at current rates and 2017 forecast sales proposed in the 2017 ERRA;
- Set generation rates based on an interim ERRA revenue requirement that is equal to the ERRA rate component currently effective in Preliminary Statement Part I, multiplied by the forecast bundled sales proposed in the 2017 ERRA; and
- Continue the California Climate Credit rates and payments at their 2016 level.

PG&E is authorized to incorporate revenue requirement changes in January 1, 2017 rates resulting from the following pending advice letters, if approved by the Commission by the December 15, 2016 Commission meeting.

- PG&E filed AL 3755-G/4908-E on September 1, 2016 requesting approval of its Efficiency Savings and Performance Incentive (ESPI) award for the second part of 2014 and the first part of 2015, and authorization to include the awards in PG&E's energy efficiency balancing accounts, consistent with D.15-10-028.
- PG&E filed AL 4933-E on October 7, 2016 to update its Green Tariff Shared Renewables (GTSR) related procurement revenue requirement, consistent with D.15-01-051.

- PG&E filed AL 4893-E on August 22, 2016 for a revised allocation of the Self Generation Incentive Program (SGIP) revenue requirement, consistent with D.16-06-055.

PG&E is authorized to incorporate revenue requirement changes in January 1, 2017 rates resulting from the following pending FERC changes, if made effective by the December 15, 2016 Commission meeting.

PG&E shall consolidate the results of pending FERC proceedings affecting the Transmission Owner (TO) Base Revenue, the Transmission Revenue Balancing Account Adjustment (TRBAA),[10] the Reliability Service Balancing Account (RSBA), and the End-Use Customer Refund Balancing Account (ECRBA) in the December AET filing if the FERC approves them by December 15, 2016.[11]

PG&E is authorized to amortize on January 1, 2017 rates the forecasted December 31, 2016 balances in accounts previously approved for recovery by the Commission.

This Resolution allows PG&E to amortize the following accounts through this year's AET advice letter, as previously approved for recovery by Resolutions E-4748 and E-4693, which addressed PG&E's 2016 AET (AL 4696-E) and 2015 AET (AL 4484-E), respectively:

- Distribution Revenue Adjustment Mechanism (DRAM).
- Public Purpose Program Revenue Adjustment Mechanism (PPPRAM).

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[10] In the 2016 AET AL 4696-E-A, PG&E filed and subsequently implemented an incorrect negative FERC-jurisdictional TRBAA rate. PG&E filed AL 4899-E on August 30, 2016 to correct the rate, effective October 1, 2016.

[11] PG&E filed its 17th TO Tariff rate case (TO17) on July 28, 2015 and implemented the associated rates effective March 1, 2016. Although PG&E is in settlement talks with intervenors, no settlement has been reached. As such, the AET forecast in Table 2 is based on the March 1st TO17 rates.

- EPIC Revenue Adjustment Mechanism (EPICRAM).
- Nuclear Decommissioning Adjustment Mechanism (NDAM).
- Utility Generation Balancing Account (UGBA).
- Procurement Energy Efficiency Revenue Adjustment Mechanism (PEERAM).
- Power Charge Cost Balancing Account (PCCBA).
- Hazardous Substance Mechanism (HSM).
- California Alternate Rates for Energy Account (CAREA).
- Energy Recovery Bonds Balancing Account (ERBBA).
- Family Electric Rate Assistance Balancing Account (FERABA).
- Customer Energy Efficiency Incentive Account (CEEIA).
- Non-Tariffed Balancing Account (NTBA).
- Land Conservation Plan Environmental Remediation Memorandum Account (LCPERMA).
- Major Emergency and Catastrophic Event Balancing Account (MEBA).
- Mobile Home Park Balancing Account (MHPBA).
- Demand Response Expenditures Incentives Subaccount (DREBA-Incentives).
- Affiliate Transfer Fees Account (AFTA).

PG&E is authorized to amortize the year-end 2016 balance in the Revised Customer Energy Statement Balancing Account–Electric (RCESBA-E) in rates effective January 1, 2017 subject to the limitation on cost recovery set forth in its tariff.

The RCESBA-E, established by D.12-03-015, records actual electric revenue requirements associated with PG&E's costs for implementing its revised customer energy statement (i.e. monthly bill). PG&E's combined electric and gas cost for implementing the energy statement is capped at $19.012 million over the period from 2012 through 2016, with 55%, or $10.461 million, of the cap allocated to electric customers. According to the RCESBA-E tariff, Electric Preliminary Statement Part FX, the annual disposition of the balance in the account shall be through the AET. PG&E estimates in AL 4902-E-A that the RCESBA-E balance to be transferred to the DRAM for recovery in rates effective January 1, 2017 will be approximately $1.2 million.

PG&E is authorized to transfer the year-end 2016 balance in the Smart Grid Memorandum Account (SGMA) to the DRAM for recovery in rates effective January 1, 2017, subject to the limits set forth in PG&E's tariff.

The SGMA records PG&E's costs for Smart Grid projects as authorized by the Commission in D.09-09-029. In accordance with the SGMA tariff, Preliminary Statement FD, disposition of the balance recorded for projects approved by the Commission and the DOE is transferred to the DRAM at the end of each year for recovery through the AET process. Accordingly, the forecasted year-end 2016 SGMA balance presented in the December 2016 supplement to AL 4902-E-A shall be transferred to the DRAM for recovery in rates effective January 1, 2017, subject to the limitation on cost recovery through the AET that is set forth in PG&E's tariff.[12] PG&E estimates in AL 4902-E-A that the SGMA balance to be transferred to the DRAM for recovery in rates effective January 1, 2017 to be approximately $2.2 million.

PG&E is authorized to recover the balance in the Smart Grid Customer Data Access (CDA) Balancing Account (CDABA) in January 1, 2017 rates.

PG&E is authorized to amortize the balance in the CDABA, a one-way balancing account established in D.13-09-025 to record and recover the actual costs of the CDA project from 2013-2016 up to a $19.4 million spending cap. The CDABA tariff, which was filed in AL 4297-E and approved effective October 9, 2013

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[12] Preliminary Statement Part FD, Smart Grid Memorandum Account, Part 3: Once a project is approved by the Commission and by the DOE, the balance in the subaccount for that project is transferred to the DRAM Account at the end of each year for recovery through the Annual Electric True-up Advice letter until the PG&E portion of the total expenditure amount adopted for that project is reached. Revenue requirements associated with expenditures in excess of the adopted amounts shall continue to accrue in the subaccount, but are not transferred to DRAM for recovery unless and until authorized by the Commission.

pursuant to D.13-09-025, establishes that the disposition of the CDABA balance shall be determined in the AET via the DRAM. PG&E estimates in AL 4696-E that the CDABA balance to be transferred to the DRAM for recovery in rates effective January 1, 2017 to be approximately $3.5 million. PG&E will update the CDABA balance in the December 2016 supplement to AL 4902-E-A to reflect actual CDA expenditures for amortization in January 1, 2017 rates.

PG&E shall revise its estimate of revenue requirements and rates filed in AL 4902-E-A to reflect actual changes authorized by the Commission and FERC by December 15, 2016.

PG&E shall supplement AL 4902-E-A by December 31, 2016 to reflect the actual rate and revenue changes authorized by the Commission by December 15, 2015 in the proceedings and advice letters as specified in this Resolution, along with the actual changes authorized by the FERC by December 15, 2016. The rates PG&E files in its supplemental advice letter will be reviewed for compliance after January 1, 2017. If any rates filed in the December 2016 supplement are not in compliance with this order, PG&E shall modify the rates as required and re-bill customers if necessary, or make other appropriate adjustments in a timely manner. This process is consistent with the procedure established in prior resolutions addressing PG&E AET advice letters.[13]

PG&E's request to submit a supplement to AL 4902-E-A by December 31, 2016 with recorded account balance data through October 31, 2016 and an updated forecast of December 31, 2016 balances for recovery is granted.

In previous years' AET resolutions (E-4693, E-4121, E-4217, E-4289, E-4379, E-4432, E-4548, E-4620, E-4693, and E-4748), the Commission allowed PG&E to

[13] The following resolutions on prior PG&E AET advice letters authorized this same process; the effective date of the new rates addressed by the resolution is in parentheses: Resolution E-3906 (Jan. 1, 2005); Res. E-3956 (Jan. 1, 2006); Res. E-4032 (Jan. 1, 2007); Res. E-4121 (Jan. 1, 2008); Res. E-4217 (Jan. 1, 2009); Res. E-4289 (Jan. 1, 2010); Res. E-4379 (Jan. 1, 2011), Res. E-4432 (Jan. 1, 2012), Res. E-4548 (Jan. 1, 2013), Res. E-4620 (Jan. 1, 2014), Res. E-4693 (Jan. 1, 2015), and Res. E-4748 (Jan. 1, 2016).

submit a supplement to the AET advice letter reflecting recorded account balance data from January through October, and forecasted balances for November and December, of a given year. We authorize PG&E to use recorded data from January 1 through October 31, 2016, and forecasted data for November and December 2016 to update account balances in its December supplement to AL 4902-E-A for amortization in January 1, 2017 rates.

PG&E is authorized to set January 1, 2017 rates based on the 2017 sales forecast in PG&E's ERRA forecast proceeding (A.16-06-003) regardless of whether a Commission decision is adopted in that proceeding by December 15, 2016.

PG&E proposes to use the 2017 sales forecast served in A.16-06-003, its 2017 ERRA forecast proceeding, to set rates effective January 1, 2017. PG&E requests that it be allowed to implement January 1, 2017 rates based on its 2017 ERRA sales forecast, even if the final decision in A.16-06-003 adopts a different sales forecast. PG&E states that if the sales forecast adopted in the final decision in A.16-06-003 differs from the sales forecast, PG&E will confer with the Energy Division and file an advice letter on the need for and timing of rate adjustments going forward to reflect a new sales forecast.

We grant PG&E's request to use the sales forecast provided in A.16-06-003 for designing rates effective January 1, 2017. If the sales forecast adopted by the Commission differs from the sales forecast proposed by PG&E, PG&E shall file a Tier 1 advice letter within 60 days of the issuance of the final decision in that proceeding containing the appropriate corrective rate adjustments to reflect the sales forecast adopted by the final decision in A.16-06-003.

The balances in all accounts authorized for recovery in rates are subject to audit, review, verification, and adjustment as necessary.

In compliance with the recommendations of the California State Auditor, Energy Division is performing in-depth review of balancing accounts using a risk-based approach. Each of the balances in the accounts authorized for recovery by this Resolution is subject to future audit, review, verification, and adjustment.

The rates authorized by this Resolution shall be subject to refund to the same extent that they are subject to refund at the FERC.

Under the filed rate doctrine, the Commission is obligated to allow PG&E to recover FERC-authorized costs for reliability services, transmission access, transmission revenue adjustments, and base transmission (Transmission Owner or TO) rate changes, adjusted for end use customer refunds required to be paid to customers. It is just and reasonable for PG&E to begin recovering FERC-authorized revenues addressed in AL 4902-E-A, once FERC makes rates effective to recover those revenues. The rates authorized by this resolution shall be subject to refund to the same extent that they are subject to refund at the FERC.

COMMENTS

Per statutory requirement, a draft resolution was mailed to parties for comment.

Public Utilities Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments, and will be placed on the Commission's agenda no earlier than 30 days from today.

FINDINGS

1. PG&E filed AL 4902-E on August 31, 2016, proposing to establish 2017 electric rates to recover balances in balancing accounts, establish the 2017 ERBBA revenue requirement, and consolidate the Commission- and FERC-authorized rate changes effective January 1, 2017.
2. PG&E filed AL 4902-E-A on September 13, 2016, as a supplement superseding AL 4902-E in order to correct various rates and add inadvertently omitted rate values to several schedules.
3. PG&E uses the AET advice letter to consolidate authorized revenue requirement changes for the January 1st rate change each year. The AET is also a vehicle that PG&E uses to seek amortization of balances recorded in

memorandum and balancing accounts which have been reviewed and approved for recovery by the Commission in separate proceedings or advice letters, or are pending separate review that will be completed prior to the end of the year.

4. PG&E forecasts a consolidated net increase in electric revenue requirement of $74.7 million on January 1, 2017 over revenue at rates in effect on August 31, 2016. However, the total revenue requirement changes for 2017 will depend on the amounts the Commission adopts in various decisions likely to be voted out before the end of 2017.
5. It is reasonable for PG&E to establish the 2017 ERBBA revenue requirement using a forecast of 2017 ERBBA activity, including the amortization of the forecasted December 31, 2016 ERBBA balance, consistent with what was authorized in Resolution E-4748 addressing PG&E's 2016 AET.
6. PG&E should supplement AL 4902-E-A by December 31, 2016 to reflect the revenue requirement changes authorized by the Commission and FERC by December 15, 2016, and to update balances in accounts specified in this Resolution to be amortized beginning January 1, 2017.
7. PG&E should reflect the following revenue requirements that have been previously authorized for recovery by Commission decisions in January 1, 2017 rates in its December 2016 supplement to AL 4902-E-A:
   - $4,196.4 million in base distribution revenue requirements authorized by D.14-08-032, PG&E's 2014 GRC decision, recorded in the DRAM.
   - $ 120.3 million for PG&E's Pension Contribution per D.09-09-020 with an allocation of $71.6 million to distribution revenues and $48.7 million to generation revenues.
   - $70.4 million for Demand Response authorized by D.16-02-008, D.16-06-008, and D.16-06-029.
   - $30.0 million for the Self Generation Incentive Program authorized by D.14-12-033.
   - $27.4 million for the Commission Fee authorized by Resolution M-4828.
   - $8.0 million for the California Solar Initiative- Multifamily Affordable Solar Housing (MASH) and Single Family Affordable Solar Homes (SASH) Programs authorized by D.15-01-027.

- $17.6 million for the Smart Grid Pilot Deployment Project Balancing Account (SGPDPBA) authorized by D.13-03-032 with an allocation of $14.0 million to distribution revenues and $3.6 million to generation revenues.
- $3.5 million for California Energy Systems for 21st Century authorized by D.12-12-031, D.14-03-029 and Resolution E-4677.
- $1.1 million for Hercules Municipal Project authorized by D.14-01-009.
- $2,036.9 million for electric generation revenue requirements authorized by D.14-08-032, PG&E's 2014 GRC decision, recorded in the UGBA.
- $103.4 million for Solar Photovoltaic (PV) authorized by D.10-04-052 and AL 4647-E.
- $3.5 million for DWR Franchise Fees per California Public Utilities Code §§ 6350-6354.
- $107.4 million for Nuclear Decommissioning Adjustment Mechanism (NDAM) authorized by D.14-12-082.
- $120.9 million for Energy Efficiency (EE) authorized by D.15-01-023.
- $56.7 million for the New Solar Homes Partnership Program authorized by D.16-06-006 and AL 4861-E.
- $86.1 million for Electric Program Investment Charge (EPIC) authorized by D.12-05-037, and D.15-04-020.
- $236.0 million for Procurement EE/PEERAM authorized by D.15-01-023.
- $10.2 million for Statewide Marketing Education & Outreach (ME&O) pursuant to D.15-08-033 and D.16-03-029, with allocations of $5.7 million to PEERAM, $4.4 million to Demand Response, and $73,399 to ESA.

8. PG&E's December 2016 supplement to AL 4902-E-A should reflect all Commission and FERC-authorized revenue requirement changes approved by December 15, 2016 and amortization of account balances, to the extent approved by December 15, 2016, in the following proceedings and advice letter filings:

- PG&E 2017 General Rate Case (GRC) (A.15-09-001).
- Pension Contribution (Distribution and Generation allocations) (A.15-09-001).
- PG&E 2017 ERRA Forecast (A.16-06-003):

  - Revenue requirements for: ERRA, Ongoing CTC, PCIA, CAM, and GHG Allowance Revenue Requirements**.**
  - Amortization of balances for: ERRA, the Modified Transition Cost Balancing Account (MTCBA), the New System Generation Balancing Account (NSGBA), and the Greenhouse Gas Revenue Balancing Account (GHGRBA).
- 2017 DWR Power Charge and Bond Charge Revenue Requirement (R.15-02-012).
- Energy Savings Assistance (ESA) and California Alternate Rates for Energy (CARE) (A.14-11-010).
- Electric Vehicle Infrastructure and Education Program (A.15-02-009).
- Statewide Marketing, Education, and Outreach (SWME&O) (A.12-08-007).
- PG&E's AL 3755-G/4908-E requesting approval of its Efficiency Savings and Performance Incentive (ESPI) award for the second part of 2014 and the first part of 2015, and authorization to include the awards in PG&E's energy efficiency balancing accounts, consistent with D.15-10-028.
- PG&E's AL 4933-E updating its Green Tariff Shared Renewables (GTSR) related procurement revenue requirement, consistent with D.15-01-051.
- PG&E's AL 4893-E revising the allocation of the Self Generation Incentive Program (SGIP) revenue requirement, consistent with D.16-06-055.
- PG&E's FERC proceedings affecting the Transmission Owner (TO) Base Revenue, the Transmission Revenue Balancing Account Adjustment (TRBAA), the Reliability Service Balancing Account (RSBA), and the End-Use Customer Refund Balancing Account (ECRBA).

9. In the event that the Commission does not adopt a decision in PG&E'S ERRA Forecast (A.16-06-003) by December 15, 2016, PG&E should be authorized to set rates for PCIA, CTC, and the New System Generation Charge (NSGC) on an interim basis using the revenue collected at current rates and 2017 forecast sales proposed in the 2017 ERRA; set generation rates based on an interim ERRA revenue requirement that is equal to the ERRA rate component currently effective in Preliminary Statement Part I, multiplied by the forecast bundled sales proposed in the 2017 ERRA; and continue the California Climate Credit rates and payments at their 2016 level.

10. PG&E should recover forecasted year-end balances in the following accounts authorized by Resolutions 4748-E and E-4693, in rates effective January 1, 2017: the DRAM, PPPRAM, EPICRAM, NDAM, UGBA, PEERAM, PCCBA, HSM, CAREA, ERBBA, FERABA, CEEIA, NTBA, LCPERMA, MEBA, MHPBA, DREBA-Incentives, and AFTA.
11. PG&E should recover the year-end 2016 balance recorded in the RCESBA-E in rates effective January 1, 2017 in accordance with the RCESBA-E tariff, which states that the annual disposition of the RCESBA-E shall be through the AET and sets a cumulative 2012-2016 cap of $10.461 million that can be recovered from PG&E electric customers.
12. PG&E should recover the year-end 2016 balance recorded in the SGMA in rates effective January 1, 2017 in accordance with the SGMA tariff, which states that the annual disposition of the SGMA shall be through the AET and limits the amount that can be recovered for smart grid projects through the AET to the revenue requirements authorized by D.09-09-029.
13. PG&E should recover the year-end 2016 balance recorded in the CDABA in rates effective January 1, 2017 in accordance with the CDABA tariff, which states that the annual disposition of the CDABA shall be through the AET and sets a cumulative 2013-2016 cap of $19.4 million that can be recovered from PG&E customers for the CDA project.
14. PG&E is authorized to incorporate revenue requirement changes in the TO Base Revenue, TRBAA, RSBA, and ECRBA in the December AET filing, if the FERC approves them by December 15, 2016.
15. PG&E should be allowed to amortize all accounts authorized in the ordering paragraphs of this Resolution in January 1, 2017 rates, subject to future audit, verification, and adjustment
16. The rates that PG&E files in its December 2016 supplement to AL 4902-E-A should be designed based on the rate design and revenue allocation methods approved in D.15-07-001 and D.15-08-005.
17. PG&E should design January 1, 2017 rates in its December 2016 supplement to AL 4902-E-A using the 2017 sales forecast that PG&E has proposed in A.16-06-003.
18. If the Commission adopts a different 2016 sales forecast than what PG&E has proposed in A.16-06-003 and uses it to design rates in the December 2016 supplement to AL 4902-E-A, PG&E should file a Tier 1 advice letter 60 days

after the issuance of the final decision in that proceeding containing the appropriate corrective rate adjustments to reflect the sales forecast adopted by the final decision in A.16-06-003.

19. In accordance with the filed rate doctrine, the Commission allows PG&E to recover FERC-authorized costs for reliability services, transmission access, transmission revenue adjustments, and base transmission (transmission owner or TO) rate changes, adjusted for end-use customer refunds required to be paid to customers.
20. It is just and reasonable for PG&E to begin recovering in rates FERC-authorized revenues, once FERC makes rates effective to recover those revenues.
21. The rates authorized by this resolution are subject to refund to the same extent that they are subject to refund at the FERC.

THEREFORE IT IS ORDERED THAT:

1. PG&E's request in Advice Letter 4902-E-A is approved.
2. PG&E's request to establish the 2016 ERBBA revenue requirement using a forecast of 2017 ERBBA activity, including the amortization of the December 31, 2016 forecast ERBBA balance, is approved.
3. PG&E shall file a supplement to AL 4902-E-A with revised tariffs no later than December 31, 2016. The supplemental filing shall be effective on January 1, 2017, subject to Energy Division determination that PG&E is in compliance with this Resolution. The updated revenues and rates contained in the supplemental filing shall be subject to audit, review, verification and adjustment.

   PG&E shall provide work papers supporting the rates filed in the supplemental advice letter and the revenue allocation underlying those rates to the Energy Division and any party requesting them. The December 2016 supplement shall do the following:

   a. Amortize over one year based on December 31, 2016 forecast amounts, updated with recorded data as of October 31, 2016, balances in the following accounts: the DRAM, PPPRAM, EPICRAM, NDAM, UGBA, PEERAM, PCCBA, HSM, CAREA, ERBBA, FERABA, CEEIA, NTBA, LCPERMA, MEBA, MHPBA-E, DREBA-Incentives, and ATFA. The balance in the RCESBA-E is authorized to be transferred to the DRAM for recovery in rates subject to the limitation on cost recovery set forth in PG&E's RCESBA-E tariff (55% of $19.012 million, or $10.461 million, to be recovered from electric customers from 2012 through 2016). The balance in the SGMA is authorized to be transferred to the DRAM for recovery in rates subject to the limitation on cost recovery set forth in PG&E's tariff. The balance in the CDABA is authorized to be transferred to the DRAM for recovery in rates subject to the limitation on cost recovery set forth in PG&E's tariff ($19.4 million over the 2013-2016 period).

b. Reflect the 2017 ERBBA revenue requirement in rates.

c. Reflect all previously-approved Commission- and FERC-jurisdictional revenue requirement changes in January 1, 2017 rates.

d. Reflect all Commission- and FERC-authorized revenue requirement changes and account balance amortizations approved by December 15, 2016 in the proceedings or advice letter filings specified in Finding No. 8 in rates. To the extent Commission approval is not granted by December 15, 2016, PG&E shall not include items from those proceedings or advice letter filings.

e. If the 2017 ERRA Forecast (A.16-06-003) is not approved by December 15, 2016, then, on an interim basis, PG&E is authorized to set rates for PCIA, CTC, and the New System Generation Charge (NSGC) using the revenue collected at current rates and 2017 forecast sales proposed in A.16-06-003; set generation rates based on an interim ERRA revenue requirement that is equal to the ERRA rate component currently effective in Preliminary Statement Part I, multiplied by the forecast bundled sales proposed in the 2017 ERRA; and continue the California Climate Credit rates and payments at their 2016 level, per Finding no. 9.

4. PG&E shall use the rate design and revenue allocation methods approved in D.15-07-001 and D.15-08-005 to design the rates it files in its December 2016 supplement to AL 4902-E-A.

5. PG&E shall use the sales forecast it proposed in its 2017 ERRA Forecast A.16-06-003 to design the rates it files in the December 2016 supplement to AL 4902-E-A. If the Commission approves a different sales forecast than that which is used to design rates filed in the December 2016 supplement, PG&E shall file a Tier 1 advice letter 60 days after the issuance of the final decision in

that proceeding containing the appropriate corrective rate adjustments to reflect the sales forecast adopted by the final decision in A.16-06-003.

6. Balances in all accounts authorized for recovery by this resolution are subject to audit and verification.
7. If any rates filed in the supplement are not in compliance with this order, PG&E shall modify rates as required and make any necessary billing or other adjustments in a timely manner.
8. If PG&E requests amortization of future balances by the annual electric true-up advice letter for rates effective January 1, it shall file the advice letter no later than September 1 of the year prior to when rates become effective. The advice letter shall reflect balances recorded as of July 31 of the year in which the advice letter is filed and the estimated balances for August through December of that year.
9. The rates authorized by this resolution shall be subject to refund to the same extent that they are subject to refund at the FERC.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on December 15, 2016; the following Commissioners voting favorably thereon:

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TIMOTHY J. SULLIVAN
Executive Director

APPENDIX A

The following information was provided by PG&E in response to an informal data request sent by the Energy Division on November 1, 2016.

PACIFIC GAS AND ELECTRIC COMPANY
Annual Electric True-Up Advice Letter 2017
Informal Data Response

PG&E Data Request No.:	ED_Informal DR01		
PG&E File Name:	Informal DR01_2016 Rate Changes		
Request Date:	November 1, 2016	Requester DR No.:	001
Date Sent:	November 1, 2016	Requesting Party:	Energy Division
PG&E Sender:	Angelia Lim	Requester:	Gurbux Kahlon

QUESTION 3

What are PG&E's rate changes for 2016?

ANSWER 3

Line No.	Date Effective	System Bundled Average Rate ($/kWh)	Revenue Change	Description	Advice Letter
1	January 1, 2016	$0.17776	$953.3 million	2016 Annual Electric True-Up	Advice 4696-E-A
2	March 1, 2016	$0.18226	$375.2 million	Transmission Access Charge (TAC), As-filed 17th Transmission Owner (TO17), Residential Rate Reform and 2014 General Rate Case Phase 2	Advice 4795-E
3	October 1, 2016	$0.18423	$173.8 million	Interim TAC, As-settled TO17, Transmission Revenue Balancing Account Adjustment (TRBAA)	Advice 4906-E-A